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Government Purchase Card Training

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FOUO



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Why are you here?

- Refresher training is mandated for participation in the GPC program.
- Liability of Cardholders and Billing Officials - Fraudulent activities and Unauthorized Commitments have occurred.
- Recent GPC reviews indicate there are areas which require reinforcement and improvement.
- Provide you new requirements and opportunity for you to ask questions.



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Liability of Cardholders and Billing Officials

- “The intentional use of the GPC for other than official Government business may be considered an attempt to commit fraud against the U.S. Government. Misuse may result in immediate cancellation of an individual’s card, financial liability, and negative administrative and/or disciplinary action against the Cardholder and, if warranted, against the Billing Official.”

Source: Department of the Army Government Purchase Card Operating Procedure, 03 May 2013.



Liability of Cardholders and Billing Officials

- **Misuse**

- Any intentional use of the Government Purchase Card for anything other than official government business is considered to be misuse.

- **Examples**

- No funding available
- Paying for supply/service not properly approved PRIOR to the purchase
- Person other than cardholder using card to make purchase
- Split Transactions – Making more than one purchase to keep amount under the cardholder's single purchase limit



Liability of Cardholders and Billing Officials

- **Fraud - General Types**
 - Cardholder Fraud examples
 - Kickbacks
 - Falsified transactions
 - False statement
 - Non-cardholder fraud
 - Lost or stolen purchase card
 - Account takeover or identify theft
 - Merchant Fraud
 - False charges/transaction
 - Mischarges
 - Bribes and gratuities



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Liability of Cardholders and Billing Officials

- **Normal Fraud Monitoring/Prevention Methods**

- Credit limits – Single purchase and monthly limits
- Spending pattern reviews
- High Risk Transactions – Identified PCOLS
- Flagged Transactions – Identified PCOLS
- Merchant category code blocks (MCC Codes)
- Account deactivations – NEW – Bank will deactivate an account after 6 months of non-use
- Audits – Internal and External reviews – must have ALL documentation to support each transaction



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Liability of Cardholders and Billing Officials

- **Unauthorized Commitment**
 - An agreement that is not binding solely because the Government representative who entered into it lacked the authority on behalf of the Government.
 - Occurs when a Government Employee, without proper authority, commits the Government to pay for goods/services from a commercial vendor.
- **Ratification**
 - The act of approving an unauthorized commitment (UC) by an official who has the authority to do so.
- **NOTE: An Unauthorized Commitment does not have to be Ratified - you could be held financially accountable!**



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Liability of Cardholders and Billing Officials

- **Statutory Authority:** Any misuse of the GPC is subject to criminal, civil, Uniform Code of Military Justice, administrative, and disciplinary actions as appropriate.
- STRONGLY suggest you read and understand Section 2-5 Liability of the Government Cardholders and Billing Officials section of the Department of the Army Government Purchase Card Operating Procedures, dated 3 May 2013



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Liability of Cardholders and Billing Officials

- **Liability in a “Nut Shell”**
 - You can be held Financially responsible for Misuse, Fraudulent Transactions, and Unauthorized Commitments. Actions may include:
 - Personnel Actions
 - Counseling
 - Removal from GPC Program
 - Reprimand
 - Suspension of employment
 - Termination of employment
 - Criminal Prosecution



What is an Authorized Transaction?

- Lawful
- Legitimate Government Need
- Bona Fide need
- Minimum needs of the Government
- Fair and Reasonable Price

If you are unsure – Consult the GPC Team or Legal prior to making a purchase!



Authorized Transaction - Lawful

- Purchases that are otherwise authorized by law or regulation
- Purchases that would be lawful using conventional contracting methods
- Purchases that utilized the appropriate funding types
- Purchases made for official purposes – may not be used to acquire items for personal benefit of a Government employee
- Funding must be available at the time of the purchase
– if not you are in violation of the Anti-Deficiency Act!



Legitimate Government Need

- A legitimate need for the good or service being acquired must be determined prior to the purchase being made.
- It is the cardholders and billing official's responsibility to review each requirement prior to purchase. The requestor must provide the necessary back-up documentation before the purchase. Question the requirement up-front to protect yourself.
- A legitimate Government need does not include "gold-plating" the requirement.



Bona Fide Need - Shortened

- The appropriation is available only for the needs of the current year
- The bona fide needs rule does not prevent maintaining a legitimate inventory at reasonable and historical levels, the “need” being to maintain the inventory level to avoid disruption of operations
- Problems come up when the inventory crosses the line from reasonable to excessive



Minimum Needs of the Government

- FAR 11.002(a) requires that agencies describe Government needs in a manner designed to:
 - Promote full and open competition
 - Only include restrictive provision or conditions to the extent necessary to satisfy the minimum needs of the agency or otherwise required by law
- Example: If you need a pen and the required source of Skillcraft/JWOD/Ability One will not meet your needs – you **MUST** justify why the required source item will not meet the **MINIMUM** needs of the Government



Fair and Reasonable Price

- Micro-purchases <\$3K can be awarded without competition based on the cardholder/billing official decision that the price is reasonable
- However – if you suspect or have information that indicates the price is not reasonable – it is your responsibility to check it out. Don't pay an unrealistic price just because you are using Government money.
- Question: If the toner you have always purchased for \$100 increases to \$300 would you continue with the purchase or question the cost increase? Would it matter if you were using YOUR money?



When Making a Purchase

- Ask yourself
 - What is it really for?
 - Why do we need it?
 - Is the cost reasonable?
 - Is there a similar item available from mandatory sources?
 - Are there any “appearance” concerns?
 - Would you want your name on the front page of the newspaper for this purchase?
 - Could you go to court and rationalize your actions?
 - Is making this purchase worth your job or reputation?



Checklist - For purchase

- Do you have sufficient money available?
- Is it a Government requirement?
- All Pre-approvals - completed?
- Requirement is not Split?
- Is price fair and reasonable?
- Does the vendor accept the Credit Card? - if not, purchase from a vendor who does if at ALL possible
- Does the vendor know you are tax exempt?
- Will the item be shipped within 30 days?
- Have you given the vendor the correct shipping address?

Checklist - After Purchase

- Did you log purchase into AXOL?
- Did you include all applicable information?
- Were all items received by Government?
- Do you have Independent receipt (legible and dated)?
- Did someone certify that the Services received were satisfactory to the Government?
- Were charges on statement correct?
- Did you provide complete file to BO each month (filed by month)?
- Set-up suspense file for missing/incomplete orders?
- Dispute items that can't be resolved with vendor?



Cardholders Responsibilities/Duties

- Secure the Card at all times
 - Immediately report a lost or stolen card.
 - Notify the GPC Team if your card has been taken from you.
 - Action needs to be taken to reduce spending limits and/or cancel the card if not in your possession!
- Make only authorized purchases
 - PRIOR approval from Billing Official is required
 - Purchase can only be made if you have money in hand.
 - You must be the face to the vendor in all transactions



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Cardholders Responsibilities/Duties

- Maintain complete and accurate files
 - Files must be by month – Not by vendor
 - Must contain:
 - Proof of sufficient funding
 - Independent Requester
 - Prior BO approval
 - Independent Receipt and Acceptance of Goods/Services
 - Property Book/Hand Receipt Acceptance, as required
 - All signatures must be legible
 - All documents must be dated
 - Verify receipt of Goods/Services – including all partial shipments
– DOCUMENT THE FILE



Cardholders Responsibilities/Duties

- Use Mandatory Sources of Supply
 - Ability One products are to be purchased over other commercial products – If you can't buy/use theirs – Document Reason
- Rotate vendors where possible
- Maintain the AXOL Log including required details on what is being purchased
- Resolve unauthorized/erroneous charges
- Dispute questionable charges – After payment
- Notify the Billing Official on questionable charges



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Cardholders Responsibilities/Duties

- Property book/hand receipt all required items – including those which could be considered pilferable
- If there is a question of property book – contact the PBO before you purchase the item
- Obtain PBO signature for all property book/hand receipt items when they are received
 - Examples of items – copiers, computers, monitors, cell phones, shredders, fax machines, tools, etc.
- Stay current with required training and provide certificates to GPC team upon completion



Cardholders Responsibilities/Duties

- Never release the GPC number to anyone other than a vendor you are making the current purchase with
- Never allow anyone to make a copy of your card
- Never allow anyone else to use your card – it has YOUR name on it!
- Never pay a bill that is handed to you that YOU did not:
 - Get prior BO approval for
 - Make arrangements with the vendor for
 - Have money for in advance



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Cardholders Responsibilities/Duties

- Make sure the BO has ALL original records and receipts prior to your departure
- Do not leave your current job with a GPC card issued to you in that office
- Complete and provide Destruction/Clearing documents to the GPC Team
- Notify the BO of a lost, stolen, or compromised card within 1 business day – BO must report within 5 days
- PAY THE BILL WITHIN 3 DAYS
- Notify the BO if you are not going to be available within the 3 days required for certification



Billing Official Responsibilities/Duties

- Must be in the Direct Line of Supervision for any assigned Cardholder
- Provide written approval/disapproval of purchase to the cardholder PRIOR to the purchase
- Reconcile invoices and timely (5 days) certify the billing statement for payment and verify payments to be legal, proper, necessary, and correct in accordance with Government rules and regulations
- You are the official that certifies that all purchases are for Official Business



Billing Official Responsibilities/Duties

- Closely monitor your account – ensure payments are posted correctly each month
- Contact RM if there are payment issues with your account. Don't let your account get over 60 days delinquent – Your account WILL be suspended for non-payment – Even if it isn't your fault!
- Certify the Cardholders account in their absence – Document the file why this was necessary
- Complete the required Annual Billing Officials Internal Control Checklist to the GPC Team



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Billing Official Responsibilities/Duties

- Stay current with required training and provide certificates to GPC team upon completion
- Notify the GPC Office as soon as you know you are leaving – Gives time for new BO to be trained and delegated.
- Provide Clearing Record prior to leaving
- Pass all records to new BO when leaving
- Maintain all records for 6 years and 3 months after final payment



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Alternate Billing Official Responsibilities/Duties

- It is prudent to have an Alternate Billing Official assigned to every Billing Official account.
- Alternate Billing Officials certify in the Billing Officials absence. This “back-up” capability is important to cover when Billing Official is on leave, travel, etc.
- This role is for SHORT periods only - not intended to get Primary Billing Official out of their delegated duties. You must document the file EACH time you take action as an Alternate.
- Alternate Billing Official can only act on behalf of the Primary Billing Official for 60 days!



TRAINING REQUIREMENTS

- The GPC Program has very specific training you are required to take to begin your participation in the GPC program and continuous training to remain in the program
- Ethics Training is required every year. You **MUST** take one of the following:
 - HBS 415 – Ethics at Work
 - CLM 003 – Overview of Acquisition Ethics
- DOD GPC Refresher Training is required every two years. (CLG 004)
- The A/OPC's are required to provide annual training that cover topics of concern based on their GPC reviews



ORDERING OFFICERS

- Limited to items listed in delegation letter (except for GWAC type contracts)
- Must be identified in the Contract that you can use
- May only use higher GPC limits for transactions from these contracts
- Required to take 2 additional training course prior to delegation



NEW REQUIREMENTS

- The DD Form 577 (BO/ABO Only) is required to be Digitally and Hard Copy signed as of 5 Sep 2013. We may be contacting you to update – Please comply
- Cancellation of Credit Card – The Bank has implemented a process to Automatically cancel any card that has not been used for 6 months.
- Training Only Credit Card – If you purchase training and/or training material – you **MUST** have and use a separate “Training Only” card. You cannot use your regular card to purchase any form of Training and you cannot use your Training card to purchase goods/services



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GPC POINT OF CONTACTS

- GPC Team
 - Myrna Dowell, (309) 782-4635
 - Brian Clubb, (309) 782-0367
 - Anthony Zemo, (309) 782-8770
 - Gretchen Gitchel, (309) 782-2797
 - Cheryl Davidson, (309) 782-6952



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QUESTIONS????